

## **MINUTES**

### **MONTANA SENATE 59th LEGISLATURE - REGULAR SESSION**

#### **COMMITTEE ON EDUCATION AND CULTURAL RESOURCES**

**Call to Order:** By **CHAIRMAN DON RYAN**, on April 6, 2005 at 3:20 P.M., in Room 102 Capitol.

#### **ROLL CALL**

**Members Present:**

Sen. Don Ryan, Chairman (D)  
Sen. Gregory D. Barkus (R)  
Sen. Jerry W. Black (R)  
Sen. Kim Gillan (D)  
Sen. Bob Hawks (D)  
Sen. Sam Kitzenberg (R)  
Sen. Jesse Laslovich (D)  
Sen. Jeff Mangan (D)  
Sen. Dan McGee (R)  
Sen. Bob Story Jr. (R)

**Members Excused:** Sen. Jim Elliott (D)

**Members Absent:** None.

**Staff Present:** Connie Erickson, Legislative Branch  
Lois O'Connor, Committee Secretary

**Please Note.** These are summary minutes. Testimony and discussion are paraphrased and condensed.

**Committee Business Summary:**

Hearing & Date Posted: None.  
Executive Action: HB 435

**EXECUTIVE ACTION ON HB 435**

***{Tape: 1; Side: A; Time Counter: 0.4}***

**Motion:** SEN. JESSE LASLOVICH, SD 43, moved that HB 435 BE CONCURRED IN.

**Motion:** SEN. LASLOVICH moved the approval of amendment #043515.aem.

**EXHIBIT**(eds73a01)

**Discussion:**

**SEN. LASLOVICH** said that amendments 2, 6, 10, and 11 were substantive amendments agreed upon by the House and the Governor's Office. During the hearing in the House, the intent was to set up a revenue account allowing private donors to donate funds to be specifically used by students who want to attend private colleges and that the donor would stipulate that those funds be used for that specific purpose. The amendments adopted in the House did not do that. The amendment also adds language that makes HB 435 applicable to home school students who do not attend public high schools. HB043515.aem fixes both problems, and the remaining amendments are clarification language.

***{Tape: 1; Side: A; Time Counter: 6.7}***

**SEN. DANIEL MCGEE, SD 29**, asked if the amendment was meant to make it easier for a high school graduate who wants to attend a private college to get a scholarship. **SEN. LASLOVICH** said the substance of the amendment is that if a donor wants to donate money into this particular revenue account, the donor must stipulate that the donation be used for students who want to attend private colleges. Whereas, a donor who donates money without the stipulation, the money can be used by a private or public college student. He as unsure whether it made it easier for a student to get a scholarship, but it did not make it harder either.

***{Tape: 1; Side: A; Time Counter: 10.5}***

**SEN. STORY** said if the donor's money is deposited into the revenue fund and it is undesignated, it can be used by either a public or private institution. However, if it is designated for a private institution, it can be used for a private institution only. He asked if that was correct. **Ann Brodsky, Legal Counsel**,

**Office of the Governor**, said that **REP. HAL JACOBSON**, whose House District encompasses Carroll College, approached the Governor's Office about including private college as recipients for these scholarships. HB 435, as originally introduced, did not reference private colleges, and the donations were meant for students enrolled at public universities only. The request was made for her to amend HB 435 to allow private money to be used for scholarships purposes for those students attending private colleges as well. Somewhere within the process, language was inserted that stipulated that all private money would be directed to students enrolled at Montana's private colleges which was never the intent of the amendment. **Ms. Brodsky** added that HB043515.aem provides that, unless designated by the donor to go to private colleges, private money raised can be used for scholarships at public universities.

*{Tape: 1; Side: A; Time Counter: 15.5}*

**SEN. STORY** said that his concern is that if a donor is inclined to donate to the revenue account, the donor has to specify that the money be used for either public or private colleges, which he felt was more limiting on the ability of the funds to reach private colleges. He felt that it should be tracked so that, if there was a problem, it could be dealt with in the future.

**SEN. BOB HAWKS, SD 33**, felt that it may avert any conflict with the donors and how the funds are used if the funds are designated. The intent from the Governor is also an important thing to have.

**Vote:** **SEN. LASLOVICH'S** motion that amendment #HB043515.aem be approved passed unanimously by voice vote. **SENATORS KITZENBERG** and **MANGAN** voted aye by proxy.

*{Tape: 1; Side: A; Time Counter: 18.3}*

**Motion:** **SEN. LASLOVICH** moved the approval of amendment #HB043517.aem.

**Discussion:**

**SEN. LASLOVICH** said that HB043517.aem attempts to address the removal of \$1.5 million from the \$3 million appropriation originally included in HB 435. As a result, the Legislature must discern how many scholarships are awarded to students and how much money per scholarship. The amendment provides language that would give the Board of Regents the discretion to reduce the number of scholarships in proportion to the amount of money appropriated. **SEN. LASLOVICH** added that **SEN. RICK LAIBLE** will be

offering an amendment to restore the \$1.5 million during the HB 2 debate on Section E of the budget, in which case the language is not needed. However, if HB 435 is fully funded and, for whatever reason, the 2007 Legislature chooses not to fully fund it, the language is still in the bill for the Board to reduce the number scholarships proportionally.

**SEN. HAWKS** asked if HB 435 was going to be supplementary or was it going to be tailored to a particular group of students who are not otherwise getting scholarships. **SEN. LASLOVICH** said that the amendment language was chosen to make it across the board and apply to all of the scholarships whether they be based on merit or financial need. If the Legislature chooses that the scholarships be either merit- or need-based, it is a policy decision that has to be made.

*{Tape: 1; Side: A; Time Counter: 23.7}*

**SEN. STORY** found several technical problems with HB 435 that could be addressed at a later time. However, he felt that the amendment should also include language that scholarship renewals take precedent over new scholarships. He said the worst thing that could be done is to scholarship students in the first two years of their programs and then cut the scholarships to those students off. He added that if the Legislature comes back in two years and money is tight, is it the will of the Legislature to cut all of the scholarships, both existing and new, so that the students have a little bit of money or is it to not issue new ones and put the money into existing scholarships. **David Gibson, Office of the Commissioner Higher Education**, said that the only way to do that is pro-rata cutbacks in the amount of scholarships given this year, if **SEN. STORY** is talking about preserving the 4-year scholarships. If that is done, it would cut in one-half the amount of scholarships that could be given this year. The Governor's Office has considered this, but it is working to keep the money preserved in the next biennium.

*{Tape: 1; Side: A; Time Counter: 27.4}*

**SEN. STORY** asked if the intent of **SEN. LASLOVICH'S** amendment was to deal with the shortfall in revenue for this biennium and not worry about what happens in the next biennium. **Mr. Gibson** said that the amendment deals with all future appropriations in the giving of the scholarships. It does not, however, address how the scholarships are given.

**Ms. Brodsky** said that the thought and policy expressed by **SEN. STORY** is what was intended in the implementation language contained in the amendment, but it does not exactly speak to it.

She said that once a student is in the program and as long as the student meets the residency and grade point average (GPA) requirements, the student is eligible to continue the scholarships. The student will not get cut off in the second and subsequent years.

**SEN. RYAN** clarified that if the appropriation remains what it currently is, there would be \$500,000 worth of scholarships allocated next year. The next year, the \$500,000 worth of scholarships are still out there for 4- and 2-year colleges, and the state would be adding another \$500,000 in scholarships to that. In the third year out, three-fifths of those scholarships would still be in effect and the 2-year scholarships would recycle. In the fourth year, the state would know how much it would cost every year if the funding levels are kept current. He asked how much money would it be to keep the funding levels current. **Mr. Gibson** said the cost would be \$2.57 million per year.

**SEN. STORY** felt that the across-the-board reduction would be fairer and simpler for everyone.

**Motion:** **SEN. LASLOVICH's motion to approve #HB043517.aem carried unanimously by voice vote.**

*{Tape: 1; Side: B; Time Counter: 6.6}*

**Motion:** **SEN. LASLOVICH moved that HB 435 BE CONCURRED IN AS AMENDED.**

**Discussion:**

**SEN. GREGORY BARKUS, SD 4,** asked if the program was not funded, how much can the state see tuition decline for all students.

**Sheila Stearns, Commissioner of Higher Education,** said that 1% in tuition raises \$4.2 million. She said that Montana is characterized as a low-tuition, low-aid state.

**Ms. Stearns** said that there are advantages to not pricing the state out of the market for those students who can afford tuition, but for those who cannot, the state needs to find ways to help so that they stay in Montana. In the western states, Montana is missing the boat because it is giving \$62 in the average amount of aid per student compared to \$260 in other western states.

Motion: SEN. LASLOVICH'S motion that HB 435 BE CONCURRED IN AS AMENDED Motion carried unanimously by voice vote. SENS. KITZENBERG and MANGAN voted aye by proxy. SEN. LASLOVICH will carry the bill.

**ADJOURNMENT**

Adjournment: 4:00 P.M.

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SEN. DON RYAN, Chairman

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LOIS O'CONNOR, Secretary

DR/lo

Additional Exhibits:

**EXHIBIT ([eds73aad0.TIF](#))**